

Message Text

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53

ACTION STR-08

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

SS-15 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

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R 241131 Z MAY 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5277

INFO AMEMBASSY BRUSSELS

USMISSION BERLIN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

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AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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BERLIN FOR AMBASSADOR HILLENBRAND

E. O. 11652: GDS

TAGS: ETRD, EC, US, GW

SUBJECT: EC NEGOTIATING MANDATE: FRG REACTIONS TO
COMMISSION PROPOSALS

REF: STATE 9 0897

1. IN CONVERSATIONS WITH ECONOMICS MINISTRY ASSISTANT
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SECRETARY STEEG AND ABEL (NEW DIRECTOR OF THE TRADE POLICY OFFICE) WE HAVE EMPHASIZED OUR HOPE THAT AN EC MANDATE BE BRIEF, GENERAL AND AS FLEXIBLE AS POSSIBLE. THE FRG SHARES THIS HOPE AS WELL AS SEVERAL OF OUR VIEWS ON DESIRABLE CHANGES IN THE COMMISSION' S PROPOSED OVERALL APPROACH. STEEG AND ABEL BELIEVE, HOWEVER, THAT AT THIS POINT IT WOULD BE TACTICALLY UNWISE TO SEEK MORE THAN A SMALL NUMBER OF CHANGES IN THE COMMISSION' S PROPOSED CONCEPT PAPER WHICH THEY DISTINGUISH FROM A SUBSEQUENT NEGOTIATING MANDATE. THEY BELIEVE THAT CROSSING SWORDS WITH THE FRENCH NOW ON KEY POINTS IN THE GLOBAL APPROACH WOULD DAMAGE PROSPECTS FOR A SUBSEQUENT FLEXIBLE MANDATE. END SUMMARY.

2. IN A CONVERSATION WITH THE ECON/ COMMERCIAL MINISTER MISS STEEG SAID IT WAS UNFORTUNATE THAT THE EC COUNCIL' S INITIAL CONSIDERATION OF THE COMMISSION' S PROPOSED GLOBAL APPROACH TOOK PLACE AT THE TIME OF THE TRANS- ATLANTIC DISCUSSION OF VARIOUS INTERPRETATIONS OF RECIPROCITY, STARTING WITH SECRETARY SCHULTZ' S STATEMENT TO THE MILLS COMMITTEE. SHE FELT THAT THE FRENCH REACTION WAS IN PART TACTICAL MANEUVERING TO CREATE SOME US- EC DIFFERENCES FOR POMPIDOU TO SURMOUNT AT THE SUMMIT. THE DEBATE, NEVERTHELESS, MADE IT DIFFICULT TO PROPOSE GREATER FLEXIBILITY IN THE COMMISSION' S GLOBAL APPROACH PROPOSAL -- WHICH SHE CONSIDERED BASICALLY A VERY CONSTRUCTIVE AND QUITE FLEXIBLE ONE.

3. BOTH MISS STEEG AND ABEL VIEWED THE GLOBAL APPROACH, WHEN EVENTUALLY APPROVED BY THE COUNCIL, AS A STEP TOWARD AN INITIAL EC MANDATE, RATHER THAN A MANDATE IN ITSELF. ABEL (WHO HAS JUST BEEN MOVED TO THE KEY TRADE POLICY OFFICE WHICH WILL BACKSTOP FRG PARTICIPATION IN EC AND GATT DISCUSSIONS) TOOK CAREFUL NOTE OF OUR REVIEW OF THE MAIN POINTS IN REFTEL. HE NOTED THAT THE FRG SHARED SEVERAL OF THESE VIEWS AND WOULD SEE WHICH OF THESE COULD BE MOST FRUITFULLY PRESSED IN BRUSSELS. IN PARTICULAR, ABEL SAID THE FRG WOULD LIKE TO INCLUDE THE CONCEPT OF OVERALL LIMITED OFFICIAL USE

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RECIPROCITY AND WEAKEN THE REFERENCES TO COMMODITY ARRANGEMENTS AND MARGINS OF PREFERENCE FOR DEVELOPING COUNTRIES.

4. ABEL AGREED THAT THE CHARACTERIZATION OF ZERO TARIFFS AS UNREALISTIC WAS NOT HELPFUL AND NOT ACCURATE IN LIGHT OF EC EXPERIENCE. HE SEEMED TO BELIEVE,

HOWEVER, THAT THE REFERENCE IN PARAGRAPH 8 OF THE COMMISSION' S MEMORANDUM TO ELIMINATING TARIFFS ON CERTAIN PRODUCTS WAS BROAD ENOUGH TO PERMIT EXTENSIVE USE, INCLUDING ZERO DUTIES FOR SECTORS. ABEL THOUGHT THE PARAGRAPHS ON NON- TARIFF BARRIERS WERE SO BROAD AS TO EXCLUDE NOTHING INCLUDING AN AGREEMENT ON MORE GENERAL RULES GOVERNING NTBS AS SUCH.

5. HARMONIZATION, ABEL SAID, WAS GOING TO STAY IN THE EC' S APPROACH. THE FRG HAS NO DIFFICULTY WITH THIS EC NEGOTIATING OBJECTIVE AND CHALLENGING IT WOULD DISTURB WHAT MAY BE AN ESSENTIAL CONDITION FOR CONSTRUCTIVE FRENCH PARTICIPATION IN THE TRADE NEGOTIATIONS.
HILLENBRAND

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